



March 18, 2010

**2010-11 Executive Budget
(Spending)**

MEMORANDUM IN OPPOSITION

Unshackle Upstate, a bi-partisan coalition of over 70+ business and trade organizations representing a growing group of 45,000 companies and employing more than 1 million people oppose aspects to the Executive Budget that will result in increased spending from previous years. Specifically, the 2010-11 Executive Budget totals \$134 billion, a spending increase of \$787 million from the prior year and a 12% increase over the 2008-09 state budget.

In January, when the Executive Budget was released, it was aimed at closing a projected \$7.4 billion deficit, which has now ballooned to be between an estimated \$8.5 billion and \$9 billion due to declining revenues. Unshackle Upstate is determined to end this trend and has proposed ways to actually **reduce** spending in the 2010-11 budget, which will align our state spending to a more sustainable level.

In order for New York to maintain its constant increasing spending levels year after year, the state has turned toward raising tax burden on the people of this state. Since last February, we have been forced to endure two Deficit Reduction Plans and the Enacted state budget, which added additional burdens on New Yorkers in the form of increased health insurance costs, increased SUNY tuition, surcharges on gas and electric utility companies that will end up costing consumers more, higher sport fishing and hunting licensing fees, increased DMV fees and fines. However, the most offensive tax action last year was the three-year personal income tax surcharge guised as a “Millionaires Fair Share Tax” that in reality, affects individuals and small businesses whose annual income is far less than \$1 million.

Members of Unshackle Upstate were lead to believe that passing these increases would remedy the state and bring it to fiscal solvency – this has not worked and recently the governor stated that income taxes fell 36 percent, meaning our revenues in this area fell more in 2009 than they did in 2008.

Due to this quagmire, Unshackle Upstate has offered a remedy that will result in lower spending levels and therefore less of a tax burden for our citizens. Our organization has outlined a plan that would right-size the state budget by the year 2015. Under our proposal, we are recommending that the state budget return to the level it was in 2000 – \$77.5 billion and then be adjusted according to the consumer price index to reach no more than \$109 billion by 2015. To achieve this goal, Unshackle Upstate proposes that this year’s budget be reduced by nearly \$12 billion (which is attached). Then the budget should decrease by at least \$2 billion per year to meet the 2015 goal.

While supporters of this budget point to the fact that it includes only minimal spending increases from the prior year, Unshackle Upstate firmly believes that New York State’s leaders must begin to take steps toward reducing the state’s spending patterns. As a result, Unshackle Upstate opposes any state budget that does not represent a decrease in state spending.



Unshackle Upstate Cuts for 2010-11 Budget

Immediate Cuts	Savings
<ul style="list-style-type: none"> • 3% cut in state operations <ul style="list-style-type: none"> ○ Cuts cannot be passed on to local government ○ Cuts cannot be shifted to Federal stimulus funding • Negotiated State Workforce pay reductions • State furlough <ul style="list-style-type: none"> ○ 10 day furlough for nonessential personnel ○ This would could occur anytime during the calendar year 	<p>\$2.2B</p> <p>\$250M</p> <p>\$840M</p>
Long-Term Cuts	
<ul style="list-style-type: none"> • Consolidation of State Agencies • Reform Wicks Law <ul style="list-style-type: none"> ○ Exempt School Districts • Eliminate STAR • Tighten Medicaid eligibility for LTC <ul style="list-style-type: none"> ○ Unusual practice in New York of allowing spousal refusal. This should only be permitted under limited circumstances. Closing these areas will encourage purchase of LTC insurance • Medicaid Personal Services to National level <ul style="list-style-type: none"> ○ Lowering service level to national average will save the state as well as counties billions of dollars • Hold School Funding Flat <ul style="list-style-type: none"> ○ Flat based on FY 2008-09 • No Member Items <ul style="list-style-type: none"> ○ Includes legislative and executive items. This was done after 9/11, so there is a reference point. • Stronger Medicaid Fraud <ul style="list-style-type: none"> ○ Reinstate fraud measures cut by Gov. Paterson earlier this year. Increase enforcement of fraud by recipient and not just providers. 	<p>\$250M</p> <p>\$200M</p> <p>\$3.1B</p> <p>\$400M</p> <p>\$600M</p> <p>\$2.2B</p> <p>\$200M</p> <p>\$2.2B</p>
 Total Savings	 \$12.4B